

**TCW VALUE OPPORTUNITIES**  
**DOMESTIC EQUITY: RUSSELL MIDCAP VALUE BENCHMARK**

FOR THE MONTH OF: **AUGUST** **2006**

**MANAGER PERFORMANCE CALCULATIONS**

\* Annualized returns

	Last Month	Last 3 Months	Last 1 Year	Last 3 Years*	Last 5 Years*
TCW	3.45%	-1.03%	8.99%	n/a	n/a
Russell Midcap Value	2.80%	2.83%	12.36%	—	—
Russell 3000	2.45%	2.53%	8.75%	—	—

**PORTFOLIO ATTRIBUTES**

<u>Characteristics</u>	<u>TCW</u>	<u>RU Mid</u>	<u>Sector Analysis</u>		
			<u>Over-weight</u>	<u>TCW</u>	<u>RU Mid</u>
Mkt Value (\$m)	181.46	N/A	Info Tech	29.29%	7.46%
Wtd Cap (\$b)	5.41	7.84	Health Care	17.21%	3.72%
P/E	16.62	14.06	Cons Discre	15.00%	12.96%
Beta	1.22	1.00			
Yield (%)	1.08	2.14	<u>Under-weight</u>	<u>TCW</u>	<u>RU Mid</u>
Earnings Growth	14.22	7.14	Financials	16.07%	32.95%
			Utilities	0.00%	15.29%
			Cons Staples	1.36%	7.41%

**PERFORMANCE ATTRIBUTION & STRATEGY COMMENTS**

Through the end of August the Value Opportunities strategy has reclaimed significant gains lost during the month of July. On a quarter-to-date basis, the Value Opportunities strategy is trailing the Russell Midcap Value index. However, as of late, the performance appears to be turning positive relative to the benchmark as investors begin to rotate out of energy, metals, materials, and mining into the equities of technology, retailers, and capital goods companies held within the Value Opportunities portfolio.

There have been no significant changes in the portfolio over the past month. Value Opportunities remains overweighted in statistically inexpensive industrial technology in which fundamentals are improving. The fund is also underweighted in financials, where valuations are not yet low enough to reflect the deteriorating fundamentals. We believe the portfolio has an excellent chance of closing the performance gap against the benchmark as we are positioned in those companies selling at the most attractive valuations in over a decade.

**MANAGER STYLE SUMMARY**

*TCW is a "bottom-up" manager, implementing a "Value Opportunities" investment strategy, which seeks to add value by investing in small- and medium-capitalization companies that are currently undervalued. The key to their strategy is to identify the basis for the undervaluation and the related catalyst which will result in a realization of true company value. The portfolio will tend to hold a minimum of 45 securities and exhibit low P/E and P/B ratios.*

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**PORTFOLIO GUIDELINE COMPLIANCE**

AUGUST

2006

Portfolio Guideline:	TCW	RU Mid	Min	Max	Compliance
B2. Security Market Cap (in \$m) > \$100 m @ purchase					ok
B3. Security Positions <= 20% @ purchase					ok
B4. Number of issues	55		45	200	ok
B5. Portfolio Characteristics					
Capitalization (in \$B)	5.1		\$1.0	\$4.5	check
P/B	2.17	1.96	1.8	3.3	ok
P/E (IBES Projected)	16.62	14.06	9.1	26.0	ok
Dividend Yield	1.08	2.14	0.6	1.3	ok
Earnings Growth	14.22	7.14	3.9	15.7	ok
F2. Commissions not to exceed \$0.05/share (or semi-annual explanation required)					ok
F3. Annual Turnover	108%			140%	ok
The portfolio is in compliance with all other aspects of the Portfolio Guidelines				<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	

**MANAGER EXPLANATIONS FOR DEVIATIONS FROM PORTFOLIO GUIDELINES**

B5. Capitalization: Typically TCW Value Opportunities runs a bit higher due to some larger capitalization companies.

T/O computation not relevant since portfolio commenced 6/07/04.

**ORGANIZATIONAL/PERSONNEL CHANGES**

None.

**ACCOUNT TURNOVER**

Gained:	Number of Accounts:	0	Total Market Value (\$m):	\$	-
Lost:	Number of Accounts:	0	Total Market Value (\$m):	\$	-
	Reason(s):				